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Identifying the Factors that Form Corporate Governance in International Joint Ventures: Learning from the Joint Investment Companies Located in the Middle East

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ABSTRACT

A successful international joint venture (IJV) is characterized by good corporate governance (CG); however, despite its importance, no study has been conducted that explains how CG forms in IJVs specifically. Due to the complexity of IJVs, we concentrated on CG and its formative factors exclusively, and this approach made this study and its findings unique. Thus, depicting a comprehensive portrait containing the influential factors that form CG in IJVs and validating the findings through a case study are the aims of this study. Out of the initial pool of 400 relevant publications, 77 factors of CG formation were identified via the systematic literature review research method. Among all of the recognized factors, just nine of them were found to be in effect for the case study companies, which are three Middle-Eastern IJVs. Lastly, "industry, business, and environment" were found as the determinant of formative factors in each type of IJVs.

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Introduction

Establishing International Joint Ventures (IJVs) is a strategy widely used by corporations that aim to enter into new foreign markets to gain numerous advantages and benefits (Debellis & Pinelli, 2020). Despite the complexity of strategizing and time-consuming implementation, establishing IJVs is one of the most common practices of firms and investment companies in particular, which aim to extend their operations to an international level enter into novel foreign markets, and make investments internationally (SWFI, 2021a & Nippa et al., 2007). In addition to the above intricacies, as the number of an IJVs' parent companies exceeds two parties, managing these types of joint entities becomes increasingly more difficult (as the number of parents increases, so does the amount of governance and management problems in parallel) (Chung and Beamish, 2010). It should also be noted that despite all of the advantages of establishing IJVs (according to Resource Based View, Transaction Cost, and some other approaches), the rate of failure of such entities, especially in the case of Multi-Parent Joint Ventures (MPJVs) is considerable (Mohr et al., 2016; Nippa et al., 2007; Nippa and Beechler, 2013). Given these facts, it seems plausible that choosing a joint venture structure as an internationalization strategy should be relinquished by most companies that intend to act globally, especially in the case of MPJVs. That conclusion, however, does not hold in reality, as the number of companies that tend to establish JVs and MPJVs is growing at an increasing rate, especially in the case of joint investment companies (SWFI, 2021a & Park and Ungson, 2001).

According to Jesuka & Peixoto (2022), Hazami-Ammar & Gafsi (2021), Tran (2021), Issa et al. (2021), Leyva-Townsend et al. (2021) and Aslam & Haron (2021), one of the most important factors of an IJV's success is the degree of coordination among the various stakeholders and parents. As all of the actors (especially the parents) of an IJV intend to maximize their interests (based on agency theory), a key success factor (KSF) would be the existence of a well-designed platform to align and harmonize the interests of all actors. It is important to note that the expressed harmonization and alignment are arduous in the case of typical firms (independent firms or subsidiaries of a single-parent company) and are subsequently much harder in the case of joint ventures (Reuer et al., 2011), let alone MPJVs. Therefore, it can be concluded that utilizing a corporate governance structure that is compatible with the specific requirements of such joint endeavors, which are usually controlled by people of diverse ethnicities and cultural backgrounds and values can increase the survival rate of such entities (Klijn et al., 2017).

Despite this importance, no publication has illustrated a comprehensive platform of categorized formative factors and the basis of corporate governance formation in IJVs (Musteen et al., 2009). By the same token, no research regarding the subcategories of IJVs such as international joint investment companies, international joint production companies, etc. is available. Therefore, on the one hand, we know that the tendency towards using IJV (as an internalization strategy) is high, and because of the issues arising from corporate governance, the failure rate is high as well, but on the other hand, we do not know how the success of IJVs can be increased through corporate governance.

This research gap has emerged mainly due to the attitude that corporate governance in IJVs is a simple straightforward concept that is not worth being analyzed more deeply; consequently, suggesting that all of the aspects of corporate governance identified for independent companies or single-parent subsidiaries can be extended to IJV structure, as well. This is not a precise viewpoint due to the inherent complexities of the presence of more than one parent in IJVs; mainly due to parents' differences, the intrinsic difficulties of an international business environment, etc. Thus, the findings of the studies regarding any type of company other than IJVs, cannot be extended to such intricate firms and the factors that form the corporate governance in IJVs should be recognized separately (Etemad, 2004).

Therefore, the effectiveness of robust corporate governance in resolving inevitable threats such as cultural differences and controlling dilemmas, especially in the initial years of establishment (Nippa et al., 2007; Pedada et al., 2021; Sestu & Majocchi, 2020) necessitates comprehensive insight into the formation of corporate governance in IJVs.

As a result, no study identifies the determinative factors of corporate governance in any specific type of IJV and IJV itself on the one hand; and on the other hand, the more complex the IJVs become, the more crucial corporate governance becomes in ensuring their success. Therefore, we found that given the importance of corporate governance as the strategic control system in IJV's success, there is

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a research gap for a comprehensive study of the various formative factors of corporate governance in IJVs; all the while, there exists abundant research regarding corporate governance in other types of corporations, such as public stock companies, limited liability companies, etc., as well as various aspects of strategic alliances and international joint ventures, albeit disjointed and incomprehensive, there is no research which determines the formative factors of corporate governance in IJVs. The aforementioned research gap can be attributed to the unjustified belief that conventional findings about corporate governance in other types of companies can simply be extended and applied to international joint ventures as well (Bodnaruk et al., 2013).

In other words, due to the unique and complex nature of IJVs, which is a result of their multi-parent status (in comparison with a single-parent subsidiary), it is not possible to extend the corporate governance of other organizational types to IJVs. Hence, the abovementioned research gap entails the following questions, which this paper aims to answer:

1. What are the trends in the publications regarding corporate governance in IJVs and how to classify them?
2. Which factors generally play a role in the formation of corporate governance in IJVs?

To make the results of this paper more precise, it has been decided to consider one of the most complex types of IJVs and check how corporate governance is formed in it. Therefore, as international joint investment companies (IJICs) are one of the most complex forms of IJVs, we validate the findings through such joint entities (Olie et al., 2020). Meanwhile, as the Middle East is one of the riskiest places for establishing International joint investment companies, therefore, we collected our cases from this region. Consequently, the third question that this paper intends to answer is as follows:

3. How is corporate governance formed in Joint Investment Companies located in the Middle East?

Therefore, this paper aims to determine the formative factors of corporate governance in IJVs in general and in joint investment companies in particular through reviewing the previous research and real cases, and the expressed results will provide important contributions to the knowledge of corporate governance and international joint ventures and a strong basis on which future research can be conducted. In other words, this study marks the beginning of a new era of research in the area of corporate governance formation in IJVs.

Literature Review

This paper aims to examine the formation of corporate governance in IJVs with a focus on international joint investment companies located in the Middle East, and falls under the commonalities of the fields of "Strategic Alliances" and "Corporate Governance". In other words, as it is illustrated in Figure 1, the only meaningful application of corporate governance in strategic alliances is in joint ventures.

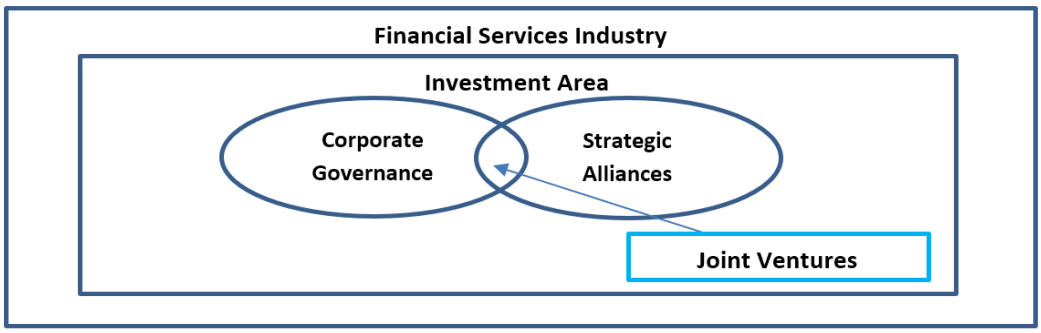

Figure 1. Research Scope

Before explaining the research methods that we exploited to answer the research questions and discussing the results and findings of this paper, the main building blocks of this study which are the concepts of international joint venture, corporate governances, and international joint investment companies further to research background will be defined as follows.

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International Joint Ventures

Establishing international joint ventures (as one of the main types of strategic alliances) is a strategy widely used by corporations that aim to enter into new foreign markets to gain numerous advantages and benefits (Debellis and Pinelli, 2020; Freeman et al., 2006) but the fact is that threats such as cultural differences and controlling dilemmas are inevitable and these risks will increase the possibility of any international joint venture's failure (Nippa et al., 2007).

Most international joint ventures are in danger of failure in the first years of their establishment (Pedada et al., 2021) and corporate governance is an effective controlling mechanism that plays a critical role in diminishing risks and raising the chances of an international joint venture's success, according to the findings of several studies such as Sestu and Majocchi, (2020), Piaskowska et al. (2017), Guidice and Mero (2007), Ibrahim and Samad (2011), Lai and Chen (2014), Bodnaruk et al. (2013), Keil et al. (2008), Luo (2002), Hambrick et al. (2001), Krishnan et al. (2016) and Kumar and Seth (1998).

Corporate Governance

In a general sense, corporate governance is defined as the relationship among the participants of a firm i.e., shareholders, managers, and the board of directors in determining the direction and performance of corporations (Dess et al., 2013). In other words, corporate governance is a mechanism for reducing the conflict of interests of the abovementioned stakeholders and is one of the most important factors which affect company sustainability (Ludwig and Sassen, 2022; Naciti et al, 2022). However, researchers and experts have proposed several definitions of corporate governance as a strategic control tool that are not necessarily compatible. Nonetheless, definitions can be classified as "contemporary" and "classical" (Pandey et al., 2022; Marie and Huillier, 2014):

- Contemporary definitions, based on the stakeholder theory, define corporate governance as the interconnected relationship of not only the company and its owners (stockholders) but also the stakeholders such as customers, sellers, society, and the like.
- Classical definitions confine corporate governance to the relationship strictly between a firm and its stockholders e.g., agency theory, stewardship theory, etc. (Clarke, 2004).

Due to the aforementioned issues, as the parents only aim to maximize their interests in most cases, the classical definition is more appropriate for the context of corporate governance in international joint ventures. Therefore, corporate governance in international joint ventures can be defined as various procedures and processes that assist an international joint venture to reduce risks, control activities, and create long-term benefits for their parent firms (Child & Rodrigues, 2004).

Joint Investment Companies

The most prominent activity of businesses in the financial services industry is investing. Investment activities can be carried out by banks or firms either as their main activity and the firm's mission, which is the most common form or as a side activity. Either way, financial investment companies invest the pooled capital of investors in various assets such as financial securities, real estate, etc., (Chen, 2020). According to the statistics of the Sovereign Wealth Fund Institute, there are 4252 investment companies in the world, 106 of which are located in the Middle East (SWFI, 2021b).

According to the Sovereign Wealth Fund Institute, there are 23 joint investment companies with more than one parent (SWFI, 2021a), which would be named joint investment companies hereinafter. Joint investment companies are the most complex form of IJVs due to matters such as the risky nature of financial endeavors, regulatory considerations in each parent country, etc. International joint investment companies are established in a country foreign to at least one of the parents, as a new entity with a separate identity from all parents; in addition to the contractual relationship (Olie et al., 2020).

Research Background

To attain the goals of this study, more than 400 publications in the fields of corporate governance, strategic alliances, inter-firm relationships, international business affairs, corporate strategy, and most importantly, corporate governance in joint ventures, with a focus on the international context have been reviewed via Systematic Literature Review (SLR) in addition to Multiple Case Study strategy to answer the research questions.

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Accordingly, as one of the research methods that has been exploited by the researchers of this study is a systematic literature review, the classifying and illustrating of the previous research endeavors will be left to the "results section" of this paper. Meanwhile, the list of all the relevant studies in the case of corporate governance and international joint ventures and their results has been attached in the Appendix section.

As established above, despite the importance of corporate governance, which is also one of the key success factors of IJVs, publications in the field of corporate governance formation in IJVs are rare.

According to Sestu and Majocchi, (2020), Piaskowska et al. (2017), Guidice and Mero (2007), Ibrahim and Samad (2011), Lai and Chen (2014), Bodnaruk et al. (2013), Keil et al. (2008), Luo (2002), Hambrick et al. (2001), Krishnan et al. (2016) and Kumar and Seth (1998), the strategy of establishing IJVs to enter into new foreign markets and gain advantages is widely used by corporations, on the one hand (Debellis & Pinelli, 2020; Freeman et al., 2006) and the other hand, inevitable threats such as cultural differences and controlling dilemmas increase the possibility of the failure of any IJVs (Pedada et al., 2021 and Nippa et al., 2007), but despite this fact, no research can be found that focuses on corporate governance and how it is formed, as an effective controlling mechanism which plays a critical role in diminishing risks and promoting the chance of international joint ventures' success with consideration of the unique characteristics of such joint establishments (Effah et al, 2022).

Therefore, based on the abovementioned points, according to the nature of corporate governance in the context of international joint ventures, we cannot extend the findings of other studies for corporate governance in general form, into the IJV context. The fact is that numerous publications can be found, that focus on corporate governance in other types of organizations such as family-owned businesses and public stock companies; furthermore, various studies on different aspects of strategic alliances and IJVs (particularly in Japan and the USA) are available but no research can be found which focuses on the two concepts of “the determinative factors of corporate governance” and “international joint ventures” simultaneously. In other words, IJVs have been studied by scholars for decades, resulting in a plethora of empirical studies, publications, and reviews, yet an inadequate accumulation of knowledge exists especially in the area of corporate governance in such establishments (Nippa and Reuer, 2019)

Even though a few studies such as Faems et al. (2008), Piaskowska et al. (2017), and Whipple and Frankel (2000) have examined some of the factors that influence corporate governance formation in JVs, they all have a narrow scope and fail to provide a comprehensive picture of the corporate governance formation procedure. Furthermore, the fact is that none of them explore how corporate governance is being formed by itself (Klijn et al., 2017). Therefore, it is safe to assume that none of the available literature in the area of corporate governance formation in IJVs presents all of the determinative factors comprehensively despite the importance of corporate governance as the key success factor of IJVs (Hazami-Ammar & Gafsi, 2021; Tran, 2021; Issa et al., 2021; Leyva-Townsend et al., 2021; Jesuka & Peixoto, 2022; Aslam & Haron, 2021),

Consequently, international joint ventures as entities established by more than two companies (as the owners) to attain mutual goals, are nevertheless more complex than typical companies that are not being controlled by two or more parents (due to cultural differences, the role of environmental and behavioral factors, etc.) and in some kinds of IJVs such as Joint Investment Companies, this complexity will be increased. Due to matters such as the risky nature of financial endeavors, regulatory considerations in each parent country, etc., International joint investment companies are one of the most complicated forms of IJVs (Olie et al., 2020).

Nevertheless, after depicting the methodologies that have been exploited and the way we used them, the classification of the previous studies further to the formative factors of corporate governance in international joint ventures in general and International joint investment companies in particular will be illustrated in the result section as well.

Methodology

This study has mainly focused on determining the formation of corporate governance in IJVs, in general, and then in the International joint investment companies in the Middle East, in particular. Therefore, the said goal can be split into three research questions:

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1. What are the trends in the publications regarding corporate governance in IJVs and how to classify them?
2. Which factors generally play a role in the formation of corporate governance in IJVs?
3. How is corporate governance formed in the International joint investment companies located in the Middle East?

The above questions will be answered in an abductive fashion through a two-step procedure. First, the scattered findings of relevant research were unified and reviewed via a systematic literature review. Subsequently, the results were verified via multiple case study of three International joint investment companies located in the Middle East.

As a result, in phase one the first two research questions were answered via the systematic literature review research method, and in the second phase, question number 3 was answered via multiple case study research method.

The Methodology Exploited in The First Phase: Systematic Literature Review

The systematic literature review research method is deemed suitable as it is the most well-balanced method of extracting and consolidating all of the scattered findings of the literature in the area of corporate governance formation in IJVs (Bettany-Saltikov, 2012). For executing this method, a seven-step procedure was implemented (depicted in figure no. 2) and the scattered findings of the relevant research in our considered area were reviewed deeply.

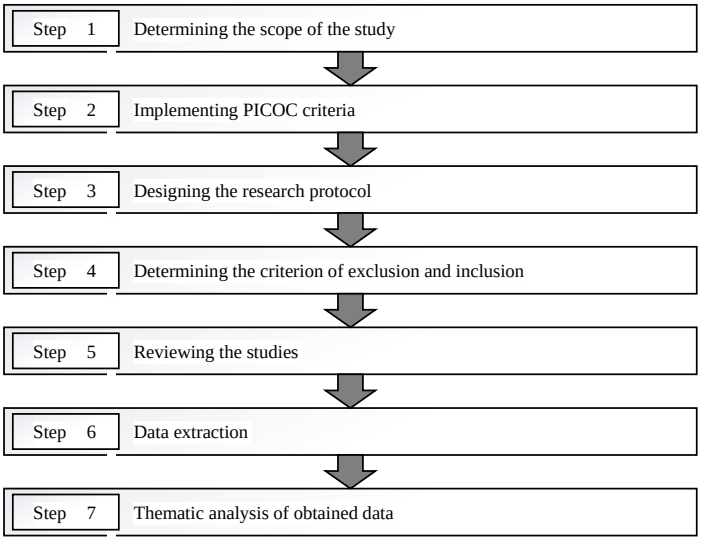

Figure 2. The process of executing The Systematic Literature Review in this study

As illustrated in table No.1, the scope of this study has been determined and the research questions were reformulated according to PICOC criteria and relinked to the research for further analysis.

Table 1. Implementation of PICOC Criteria in This Article

PICOC Criteria	Implementation of the Criteria in This Article
Population	Corporate governance in IJVs
Intervention	The factors which affect the formation of corporate governance in IJVs
Comparison	In this research, we don't want to compare different perspectives
Outcome	Extracting the effective factors
Context	Our scope is international because we consider international joint venters

Consequently, the research protocol was designed, based on which a practical mental map was also composed. The designated criterion of inclusion and exclusion is shown in Table No.2.

On the determination of the inclusion and exclusion of the criterion, research questions were formulated according to the PICOC model. The systematic literature review process began with a pool

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of 400 relevant studies and publications, which were assessed and sorted by quality based on Caldwell's framework.

Subsequently, 58 publications were chosen for systematic analysis, of which all sections (abstract, introduction, methodologies, results, and conclusions) were closely reviewed. The requisite data were extracted from the texts and analyzed precisely.

Table 2. Criterion of PICOC

Scope of Criteria	Inclusion Criteria	Exclusion Criteria
Basic Criteria	Corporate governance in other types of companies	Corporate governance and control systems in IJVs
Considered Concepts	• The determinative factors of corporate governance in IJVs (their effect and importance) • The study of success and failure factors of IJVS	• The study of control systems in international strategic alliances and their relationship with corporate governance • The time of corporate governance formation in IJVs • The process/procedure of corporate governance formation in IJVs
Considered Scope	• International strategic alliances • Corporate governance • IJVs	• National strategic alliances • Local Joint Ventures
Methodology Perspective	• Qualitative publications • Quantitative publications • Mixed method publications	-
Acceptable Results	Detecting and categorizing the factors that form corporate governance in IJVs and their effect on it	• The factors that form corporate governance in other types of organizations • Other aspects of corporate governance in IJVs and other types of organizations
Suitable Publications	• Articles and research published in JCR, Scopus, and ICD journals. • Practical reports provided by professional institutions.	The research published in nonacademic journals

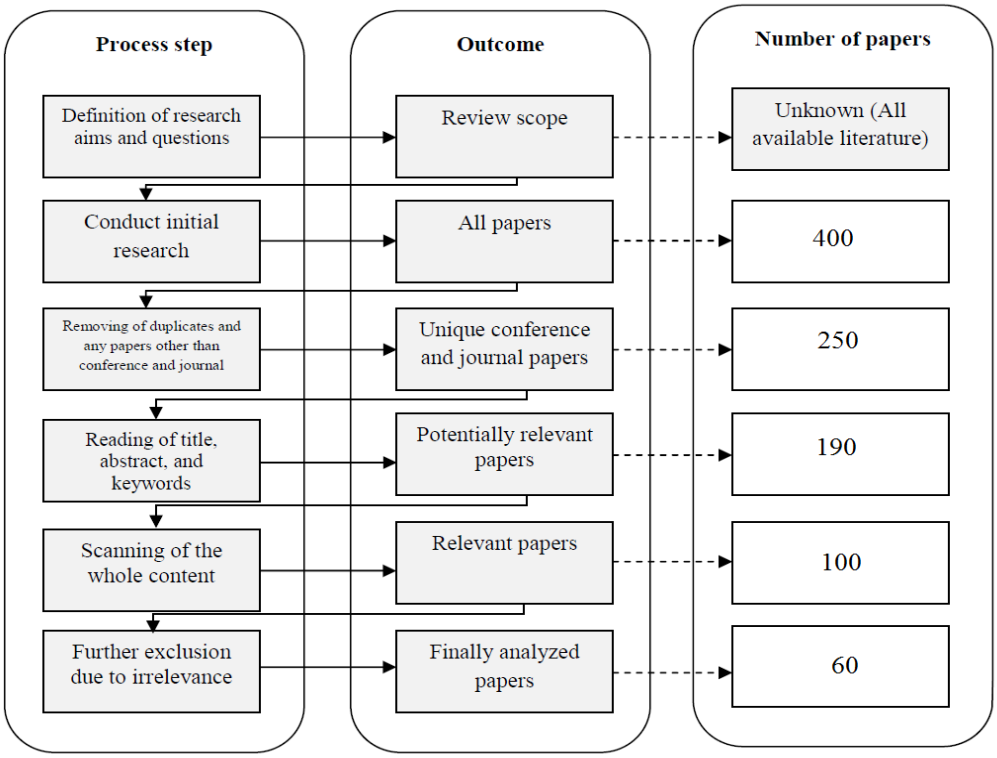

Figure 3. Search Process (Adopted from Peterson et al., 2008)

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Finally, using a thematic method, the acquired data were categorized, coded based on the open coding method via the Microsoft Excel program, combined, and summarized through the following steps:

1. Extracted data were divided;
2. Divided data categorized;
3. 334 codes were extracted from the categorized data;
4. The extracted codes were categorized into 77 themes according to their relevance and similarity;
5. All of the determined themes were underlined in 4 main categories and 19 subcategories (Bettany-Saltikov, 2012).

Upon the completion of the above procedure, the main factors that played a role in the formation of corporate governance in international joint ventures, in general, were extracted, which will be illustrated in the "results" section of this article.

The Methodology Exploited in The Second Phase: Multiple Case Study

After analyzing the findings that were extracted from systematic literature review, the findings were verified through a multiple case study. For this reason, three International joint investment companies located in the Middle East were selected according to the diverse case selection method and studied deeply according to the protocol of the case study research strategy.

These cases were studied through a six-step procedure which is depicted in Figure No. 4 (Seawright & Gerring, 2008):

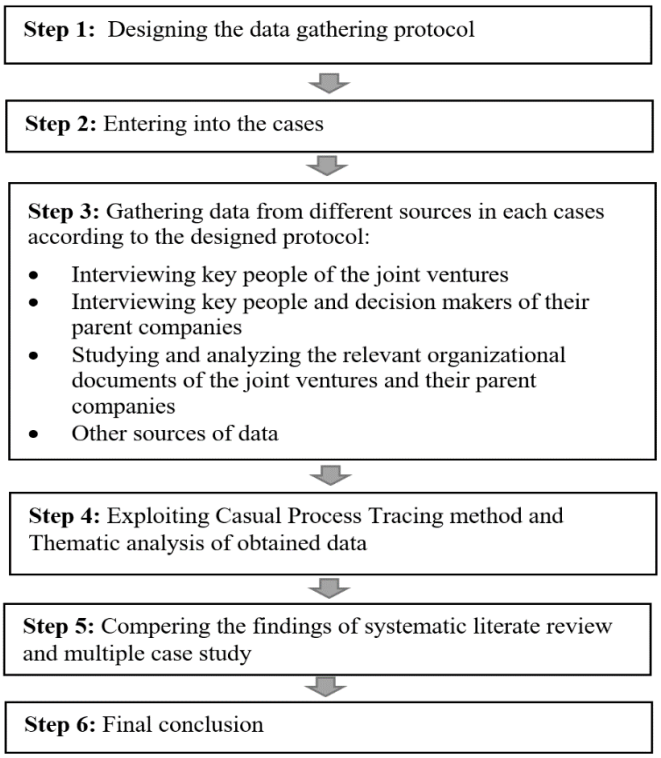

Figure 4. The process of executing Multiple Case in this study

It should be highlighted that due to the concerns of confidentiality from higher management authorities in the interviewee companies who feared their competitive advantages and organizational classified information might become compromised, the authors are obliged not to disclose information regarding the identities of these companies

Following the conclusion of data gathering, the data were analyzed via the causal process tracing method (CPT) to determine the formation of corporate governance in each international joint investment company. It is noteworthy to mention that the causal process tracing in this study is based on the theory-building approach (Beach and Pedersen 2019).

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Finally, all of the results were compared and mixed based on this comparative analysis to determine corporate governance formation in the International joint investment companies located in the Middle East.

Results

Two relevant phases were designed according to the abovementioned methodology. The findings of each phase are as follows:

The Results of the Systematic Literature Review

To obtain expedient results sufficient to answer the first and second questions of this article, as well as create a basis for answering the third question of this study, a broad search was conducted based on a mixture of keywords (illustrated in table No.3) in several databases such as Science Direct, Sage, Emerald, Wiley, Springer, and Routledge, from which 400 studies and articles were collected within six months.

Table 3. Considered keywords for searching in databases

Field	Keywords	
Corporate Governance Concept	• Relevant theories: • Corporate governance • Designing corporate governance • Corporate governance formation	• Controlling system • Supervision • Board of directors • Corporate governance component • Corporate governance mechanisms
Joint Venture and International Business	• Strategic corporations • International strategic alliance • IJVs • Equity joint venture • international contractual alliances	• International strategic alliance performance • International joint venture performance • International performance • Contractual framework • International business • Foreign collaborations

As illustrated in Figure 3, out of the 400 studies, 58 most relevant publications were chosen using the PICOC method. The choices were validated and qualified according to the Caldwell framework, a tool for checking whether articles are qualified to be analyzed systematically or not. Then the 58 selected articles were systematically reviewed. In conclusion, the publications in the area of corporate governance in IJVs were categorized first, and then the factors that played a role in the formation of corporate governance in IJVs, in general, were determined.

The chosen publications consist of books, dissertations, articles, and executive reports, the distribution of which is represented in Figure No.5 below.

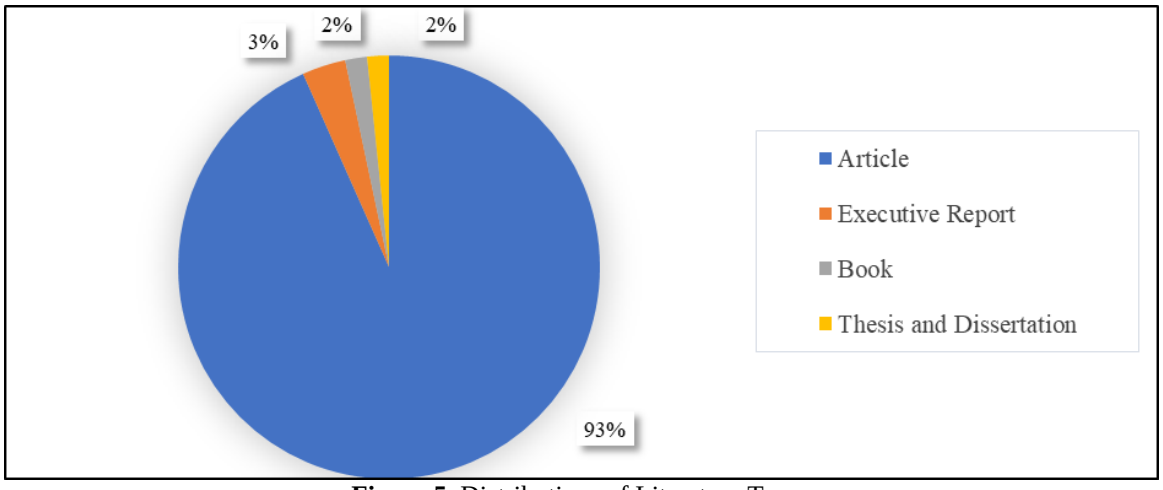

Figure 5. Distributions of Literature Types

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It should be noted that all of the chosen studies focused on at least two of the following concepts:

- Strategic alliances / IJVs
- Corporate governance
- Controlling systems
- Success and failure factors in international strategic alliances
- Success and failure factors in IJVs

Thus, as demonstrated in Figure No. 6, the concentration of reviewed literature can be categorized into the following four areas:

1. Various aspects of international strategic alliances / international joint ventures
2. The role and effect of various factors on corporate governance formation in international joint ventures
3. The role and effect of various factors of corporate governance on the performance and success of international strategic alliances
4. The role and effect of various factors of corporate governance on the management of international joint ventures

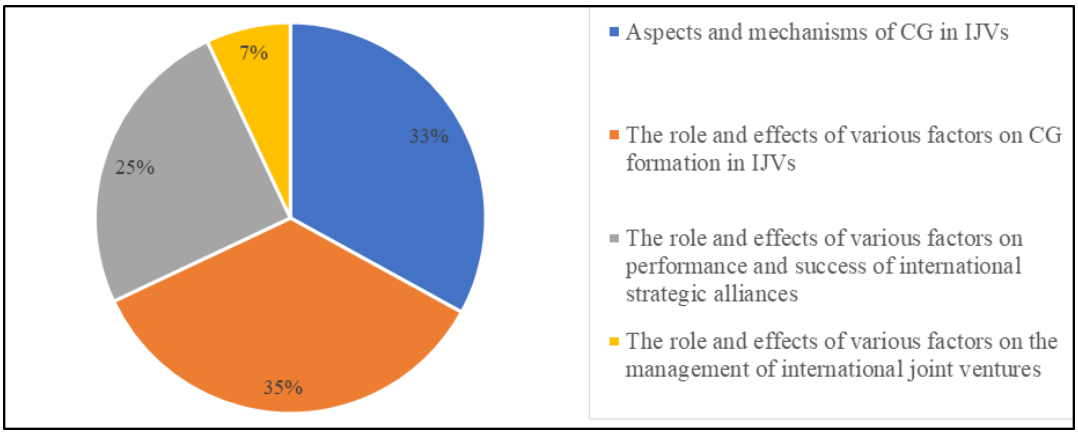

Figure 6. Research Focus Distribution

One of the notable findings regarding the reviewed literature is their writing timeline. As illustrated in Figure No. 7, 79% of the literature was written from 2006 to 2021, which indicates that the concept of corporate governance in international joint ventures is a major concern of the researchers.

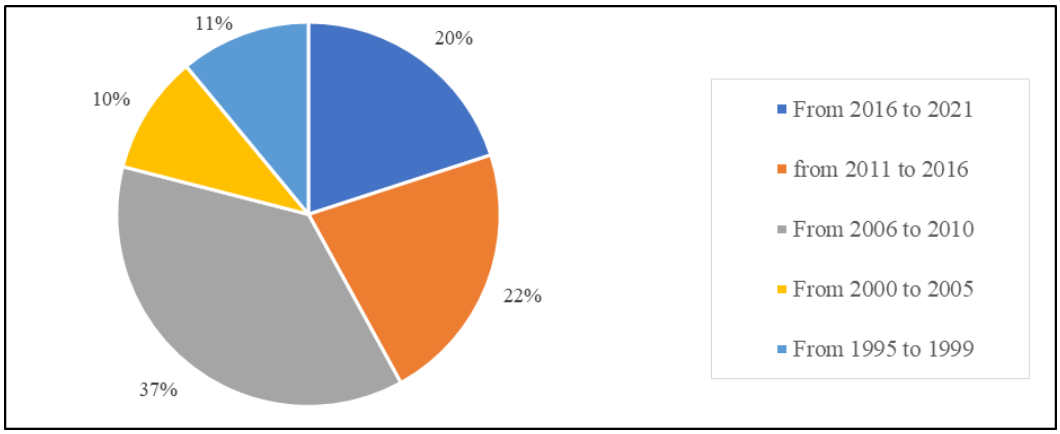

Figure 7. Chronological Distribution of Literature

Upon the systematic analysis of all 58 pieces of the literature concluded, that 334 codes were extracted initially. Consequently, significant factors that affect the formation of corporate governance in IJVs were classified into 19 categories and 4 subcategories through the open coding method. As the first finding of this article and the answer to the second question, all of the classified extracted factors are illustrated in Table No.4 in Appendix 1.

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The systematic literature study concluded that 77 factors influence corporate governance formation in IJVs in general, which were categorized into 4 categories and 19 subcategories as below:

1. Partners' characteristics that consist of four subcategories and 17 factors are expressed below:
    a. Intrinsic characteristics have resulted from parents' culture, background and nationality; these are the accumulation of elements such as national identities, religious beliefs, group identities, etc.
    b. Structural and managerial characteristics encompass the degree of adaptability and robustness of the IJV establishment, which is affected by factors such as parents' corporate governance approaches, parents' plans, and strategies, and business models, chief managers supporting the IJV establishment, project management of the IJV establishment and management styles and capabilities of parents.
    c. General characteristics are the embodiment of mutual characteristics of all IJV establishments, the general characteristics stem from the nature of parents' activities and their financial strength, parents' competencies and competitive advantages, parents' legitimacy and reputation, bargaining power of the parents, parents' size and age, parents' diversity of characteristics and their similarities and differences, and parents' international experiences.
2. The relationship among the partners that consists of five sub-categories and 22 factors are described below:
    d. Parents' deployment relative to each other describes the parents' compatibility and how they are situated relative to each other; factors such as the amount of parents' bilateral respect for each other's goals, the positions of the parents relative to each other, the number of the parents, IJV's location, the relationship of the parents (whether they are competing), the situation of parents' markets relative to each other, the characteristics of the industry and market in which the parents are located.
    e. The Goals and requirements subcategory refers to the intentions and expectations of parents, namely, the parents' goals and requirements and the degree of transparency, parents' priorities, and compatibility of goals and demands.
    f. The shared resources subcategory includes the resources, whether tangible or intangible, that are shared by the parents and their importance to the parties.
    g. Trust and prior familiarity are the catalysts of cooperation. The degree of acquaintance is the result of previous familiarity and prior experiences of collaboration, experiences of collaboration with other companies, and the formality or informality and flexibility or rigidity of the relationship among parents.
    h. The relationship between the parents and their commitment includes partners' communication skills, fairness in behavior, commitment, perception of opportunistic behavior and their ability to forecast it, views regarding potential conflicts (especially in the case of crises and problematic situations), and their ability to forecast it, their negotiators and the results of negotiations.
3. Macro factors that include two sub-categories and six factors are listed below:
    i. Superiors: The attitude of Shareholders and other stakeholders of the parents' companies and their attitudes about collaboration
    j. Environmental and contingency conditions: ranging from natural to anthropogenic and with various degrees of certainty and control, this sub-category is under the influence of environmental condition of the parents' base countries' legal, social, cultural, and institutional elements from the perspective of certainty/uncertainty, the geographical proximity of parents, ethical and professional standards in the IJV's country of establishment, parents' access to facilities (HR, resources, etc.) in the host country, transparency and attitude regarding foreign investment in the host country.
4. Parents' expectations and perceptions about various aspects of collaboration contain eight subcategories and 32 factors:
    k. Specialized specifications for a certain IJV are the type and scope of the IJV, the nature and specifications of the IJV, the prospected activities of the IJV, the method of financing and its amount, the prospected competencies for the IJV, and the IJV's valuation.

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l. The relationship between the IJV and parents is under the influence of the prospected relationship between parents and the IJV from the perspectives of independency, etc., the IJV's importance for the partners, and the distance between parents' markets and industries.
m. The intended ownership structure is the prospected ownership and shares' structure as well as share call/put options.
n. The intended future for the IJV regards the prospected size, growth, lifespan, and complexity of the IJV, and the intended return on investment, benefits, vision, and outcomes of the IJV, as well as the probability of managerial and ownership alterations and subsequent problems.
o. Possible risks and challenges refer to the probability of certain issues and the capability of parents to manage and detecting possible risks and challenges.
p. Intended systems are the controlling systems (such as behavioral, social, etc.), and the performance appraising mechanisms and motivation systems.
q. Parents' attitude towards various subjects related to IJV refers to their attitudes towards people and their behavior (certainty and uncertainty), their partner's management styles, ideas, and decision-making mechanisms, the IJV's establishment costs, the establishment requirements, and their parents' goals, learning ability, as well as the attitude towards their partners and the credibility of their countries.
r. Structural factors refer to the intended penetration into IJV and competencies for the board of directors, assumptions about contractual mechanisms, intellectual property rights, and profit and loss, as well as methods of selling products or rendering services provided by the IJV.

As stated already, all the recognized criteria were extracted according to the deep analysis of the 58 collected studies based on principles of the systematic literature review method. Thus, it can be claimed confidently that these 77 factors dictate the corporate governance of IJVs. Finally, it is important to note that this classification of the above 77 factors is more of a comprehensive list of all of the effective factors; therefore, not all of these factors are necessarily manifested in all IJVs at once; rather, it is a matter of industry, business, location, and environment.

The Results of Multiple-Case Study

Middle Eastern International joint investment companies were taken as an example subset of IJVs with the abovementioned justifications. The multiple-case study section of this research is concerned with the manifestation of the identified factors in the settings of the real world, the results of which indicate nine factors that wholly determine the formation of corporate governance in Middle Eastern joint investment companies, namely:

1. **The number of parent companies:** whether the company has stemmed from two parents or is a multi-party joint venture.
2. **The identity of parent companies:** publicly/privately owned parent companies and whether parents are limited liability companies, ….
3. **Parent's willingness towards establishing an IJV:** The goals and intentions of the parent companies to set up the IJV, such as market development, product development, etc., will affect the corporate governance of the IJV.
4. **Values and the cultural norms of the host country:** the values and cultural norms of the country that hosts the joint venture company determine its freedom and liabilities. The more advanced a host country is, or the more globally oriented the parent companies, the less effective this factor will become.
5. **The standards of professionalism:** countries with more robust work ethics demand less strict and simpler corporate governance mechanisms and vice versa. In other words, paying attention to the code of ethics and code of conduct will affect the flexibility of corporate governance of IJVs.
6. **Laws and regulations:** they encompass all the laws and regulations governing how businesses must conduct themselves in a certain country, especially the commercial code/business law. This factor also accounts for all policies, protocols, and permits. For example, the policies of the central bank were an important factor for the examined companies.

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7. **The business model and strategies of parent companies:** the business model and the strategies of the parent companies, especially at the corporate level, will affect the corporate governance of IJVs.
8. **The corporate governance structure of parent companies:** the state of factors such as CEO duality, CEO selection, and the extent of the control that parent companies' boards have over the CEO, CEO required qualifications, the views towards the board's executive powers and the role of committees will affect different aspects of IJVs' corporate governance.
9. **The parent companies' worldview:** the parent companies' interpretations of concepts such as partner characteristics and the situation of the hosting country, etc., determine whether mutual trust can be obtained among the partners or not. It is noteworthy to mention that most companies act on the premise that "parties seek to maximize their benefits" without complete trust. However, there must be a common ground and a basis for trust, no matter how small, to initiate cooperation.

Figure 8 depicts the roles and contribution of these nine key factors in the formation of corporate governance in international joint investment companies located in the Middle East:

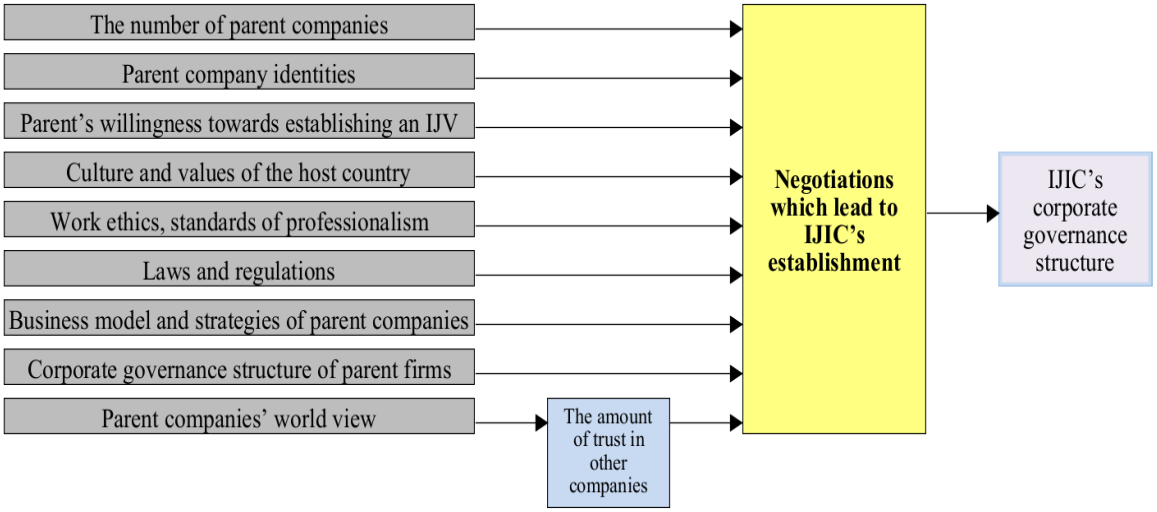

Figure 8. The Nine Key Factors of Corporate Governance Formation in Middle Eastern Joint Investment Companies

As depicted in figure No. 8, all nine factors ultimately determine the mindsets of parties involved in negotiations which would lead to the establishment of IJVs. The mutual agreements, which are reflected in the contract and shareholder agreements, lay the foundations for the corporate governance structure of the International joint investment companies based in the Middle East. In essence, all nine factors play a significant role in the establishment of the corporate governance of International joint investment companies located in the Middle East; however, the worldview and interpretations of the parent companies provide the basis of judgment and the initial trust, affecting the whole negotiation process.

Discussion and Conclusion

According to the defined research questions, this study aimed to portray a comprehensive picture of all of the factors that may affect the formation of corporate governance in international joint ventures, based on the argument that corporate governance of international joint ventures is not a simple extension of corporate governance in a general sense, due to unique intricacies. Therefore, one of the novelties of this study that challenges the previous findings (the results of prior research), is not considering international joint ventures as a simple organizational structure and providing a comprehensive and categorized list of the scattered factors proposed in the relevant literature. Therefore, the results of this paper are compatible with the previous studies but the aggregation of the previous findings together as a single portrait made this paper distinguished from the rest of the research conducted in this area. Meanwhile, it should also be noted that regardless of the qualitative or quantitative approaches of relevant literature, the scopes of previous studies were narrow, whereas this

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is a study with a holistic, abductive approach. Furthermore, no publication presented a multiple case study to identify and classify the factors which affect the formation of corporate governance in any types of international joint ventures.

This study is comprised of two phases; a literature review and a multiple case study. The literature review concluded with the identification of 77 factors that determined the formation of corporate governance in IJVs in a general sense. This confirms the argument provided in the introduction section, that corporate governance of IJVs indeed is a complex phenomenon under the simultaneous effect of several factors. Furthermore, the multiple-case study phase examined the relationship between the 77 identified factors and the formation of corporate governance in one of the most complex types of IJVs. This phase concluded that corporate governance of International Joint Investment Companies located in the Middle East is built just upon nine key factors out of all the 77 recognized ones i.e., the number of parent companies, the identity of parent companies, parent's willingness towards establishing an IJV, values and the cultural norms of the host country, the standards of professionalism, laws, and regulations, the business model and strategies of parent companies, the corporate governance structure of parent companies and the parent companies' worldview. In other words, not all factors can or will be in effect simultaneously and the following aspects of an IJV will determine which of the 77 factors may play a role in the formation of its corporate governance:

1. **Industry:** the characteristics of the industry that the IJV belongs to will affect the presence or not the presence of the recognized factors in general.
2. **Business Area:** the business areas in which the IJV works and the competitive advantages that the newly established entity plans to offer will determine the formative factors of corporate governance.
3. **Surrounding Environment of IJV:** The political, economic, social, technological, and legal characteristics that are dictated by the environment of the country in which IJV is located, will affect the corporate governance determinative factors.

Accordingly, the nine factors identified for International joint investment companies located in the Middle East were under the direct influence of the above elements; the results would have been different if other corporations had been chosen. Furthermore, these formative factors determine the characteristics of corporate governance, e.g., flexible and trust-based or rigid and contract-based. In addition, these factors also specify whether the approach for governance should be control-based or contribution-based (Sadegh et. al., 2020) as well as influencing corporate governance mechanisms such as board size, composition, and committees, dictating their relevancy and utility to certain IJVs (Sadegh et. al., 2020).

Focusing specifically on the Middle Eastern International joint investment companies, it must be noted that the negotiation process is at the heart of the process of the formation of corporate governance. In other words, most of the factors that play a role in the formation of corporate governance in International joint investment companies manifest themselves through the negotiation process. Thus, the initial version of corporate governance as the means of risk sharing and administration of the international joint venture is the output of the negotiations, whether carried out by negotiators, which take place in the designing stages of the life cycle of International joint investment companies. Meanwhile, it should be highlighted that the designed corporate governance structure must be flexible and should be moderated after the establishment of the IJV.

Limitations and the Research Contributions to the Body of Knowledge

Finally, it should be mentioned that in this endeavor, the authors were faced with many restrictions such as the complexity due to diverse and numerous key factors and the rarity of the existing publications regarding the field of corporate governance in IJVs; nonetheless, despite all of these obstacles, this study has succeeded in attaining the first two objectives, and the formative factors were identified. By the same token, data gathering in the case study phase proved especially difficult as the top managers and executives withheld information for fear that their competitive advantages or core competencies would be disclosed. Despite the mentioned restrictions, this paper in this issue provides important contributions to the knowledge of corporate governance and international joint ventures and

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provides a strong foundation on which future research can be conducted. In other words, this study marks the beginning of a new era of research in the area of corporate governance formation in IJVs but our study is not without limitations; for example, the effective factors have not been prioritized, the extent of each factor's effect has not been determined, the relationship between the factors have not been recognized, the effects of environmental changes have not been considered and so on.

Future Research Directions and Managerial Implications

As suggestions for future surveys and studies, researchers are highly recommended to expand upon the findings of this article, especially through quantitative studies. Researchers can conduct further research to complement the findings of this article in several topics such as determining an order for these factors, in the context of their roles in the step-by-step procedure of formation of corporate governance, distinguishing between the factors for domestic and foreign partners, determining the effects of each factor on the corporate governance mechanisms, prioritizing the factors according to the extent of each factor's effect and importance, executing empirical research to deploy the extracted formation patterns in various fields of businesses and different industries, considering the effects of environmental changes, considering the role of corporate governance in corporate social responsibility (CSR) of international joint ventures with consideration of local/international regulations and more.

Moreover, the findings of this study in addition to establishing new grounds for future research may also be utilized by managers and executives as a guideline of effective elements to look out for; While considering the findings of this paper by the managers is not the main goal of this endeavor, they can be applied to better manage the international joint ventures and choosing the partners.

In other words, in case of practical implications, the decision makers that intend to establish an international joint venture in general or an international joint investment company, in particular, can exploit the findings of this article for assessing the alternative partners to collaborate and make a selection between them, structuring their relationship with the partner, establishing the corporate governance system of international joint ventures and controlling the partner's activities, etc.

Therefore, the findings of this research can be used by the founders and managers of the international joint ventures to make their joint corporation sustainable and long-term.

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Appendix 1

Table 4. Effective Factors of Corporate Governance in IJVs

Categories	Sources	Sub-categories	Factors
Parents' characteristics	• Pajot and Gravière, 2010 • Dimitratos et al., 2009 • Mohr et al., 2016 • Nguyen et al., 2016 • Hsieh et al., 2010 • de Man, 2012 • Chen et al., 2009 • Reuer et al., 2014 • Pajot and Gravière, 2010 • Grøgaard, 2012 • Bodnaruk et al., 2013 • Miller et al., 1997 • Ibrahim and Abdul Samad, 2011 • Zhang, 2007 • de Man, 2012 • Reuer et al., 2011 • Chen et al., 2009 • Hambrick et al., 2001 • Hsieh et al., 2010 • Piaskowska et al., 2017 • Chen et al., 2009 • Johnson et al., 2002 • Tiwana and Keil, 2007 • Reuer et al., 2011 • Shah, 2011 • Hsieh and Rodrigues, 2014 • Guidice and Mero, 2007 • Miller et al., 1997 • Klijn et al., 2017 • Hsieh et al., 2010 • Lojacono et al., 2017 • Mohr et al., 2016 • Patzelt and Shepherd, 2008 • Pajot and Gravière, 2010 • Chen et al., 2009 • Reuer and Miler, 1997 • Shah and Swaminathan, 2008	Intrinsic characteristics	Parents' Culture (resulted from national culture)
			Parents' background and nationality
		Structural and managerial characteristics	Parents' corporate governance
			Parents' plans, strategies, and business model
			Chief managers supporting the IJV establishment
			Project management of IJV establishment
			The management style of parents and their managing capabilities
		Information and knowledge capabilities	Parents informational awareness
			Parents' intellectual and analytical capabilities
			Parents' openness to learning
		General characteristics	The nature of parents' activity and their financial strength
			Parents' competencies and competitive advantages
			Parents' legitimacy and reputation
			The bargaining power of the parents
			Parents' size and age
			The diversity of the parents' characteristics and their similarities and differences with each other
			Parents' international experiences
The relationship between the partners	• Pajot and Gravière, 2010 • Mohr et al., 2016 • Lojacono et al., 2017 • Lai and Chen, 2014 • Miller et al., 1997 • Whipple and Frankel, 2000 • Lopez and Ariza, 2013 • Kim, 2017 • Johnson et al., 2002 • Oxley and Sampson, 2004 • Miller et al., 1997 • Piaskowska et al., 2017 • Bodnaruk et al., 2013 • Lojacono et al., 2017 • Mohr et al., 2016 • Dimitratos et al., 2009 • Hsieh and Rodrigues, 2014 • de Man, 2012 • Tseng and Chen, 2015 • Johnson et al., 2002	Parents' deployment relative to each other	The amount of bilateral respect for each other's goals
			The positions of the parents relative to each other
			The number of the parents
			IJV's Location
			The relationship of the parents (whether they are competing)
			The situation of parents' markets relative to each other
			The characteristics of the industry and market in which the parents located it
		Goals and requirements	What are the parents' goals and requirements and the degree of transparency?
			Parents priorities
			Compatibility of goals and demands
		Shared resources	The resources (tangible and

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Categories	Sources		Sub-categories	Factors
	• Gong et al., 2007 • Reuer et al., 2014 • Cuypers et al., 2017 • Pajot and Gravière, 2010 • Lojacono et al., 2017 • Grøgaard, 2012 • Miller et al., 1997 • Lopez and Ariza, 2013 • de Man, 2012 • Reuer et al., 2011 • Chen et al., 2009 • Johnson et al., 2002 • Gong et al., 2007 • Gong et al., 2007 • Bakker, 2016 • Johnson et al., 2002 • Kumar and Seth,1998 • Chen et al., 2009 • Tiwana and Keil, 2007 • Kim, 2017 • Shoushuang li. 2007 • Whipple and Frankel, 2000	• Das and Teng, 1998 • fames et al., 2008 • GuIati, 1995 • Piaskowska et al., 2017 • Hsieh et al., 2010 • Nguyen et al., 2016 • Mohr et al., 2016 • Patzelt and Shepherd, 2008 • Dimitratos et al., 2009 • Pajot and Gravière, 2010 • Gulati et al., 2009 • Krishnan et al., 2016 • Reuer and Arino, 2007 • Reuer et al., 2002 • Luo, 2008 • Gong et al., 2007 • Kaulio and Uppvall, 2009 • de Man, 2012 • Audretsch and Link, 2019 • Hsieh and Rodrigues, 2014 • Hsieh et al., 2010 • Pajot and Gravière, 2010		intangible) shared by the parents and their importance for the parties
			Trust and prior familiarity	Trust
				Previous familiarity
				Prior experience in collaboration
				Collaboration experience with other companies
				How parents' relationships are (formal or informal/flexible or rigid)
			The relationship between the parents and their commitment	Partners communication skills
				Fairness in behavior
				Partners' commitment
				Partners' perception of opportunistic behavior and their ability to forecast it
				Partners' views regarding potential conflicts (especially in the case of crises and problematic situations) and their ability to forecast it
				The negotiators and the results of negotiations
Macro factors	• Reuer et al., 2011 • Shah, 2011 • Lai and Chen, 2014 • Pajot and Gravière, 2010 • Lojacono et al., 2017 • Grøgaard, 2012 • Nguyen et al., 2016 • Gillan, 2006 • Hsieh et al., 2010 • Miller et al., 1997 • Whipple and Frankel, 2000 • Meschi, 2009	• Shoushuang li. 2007 • Lopez and Rodriguez • Ariza, 2013 • Audretsch and Link, 2019 • Shah, 2011 • Chen et al., 2009 • Kumar and Seth,1998 • LI and Zajac, 2009 • Krishnan et al., 2016 • Reuer et al., 2014 • Gulati et al., 2009 • Cuypers et al., 2017	Superiors	The attitude of Shareholders and other stakeholders of the parents' companies and their attitudes about collaboration
			Environmental and contingency conditions	Environmental conditions (from certainty and uncertainty perspective), legal, social, cultural, and institutional of the parents' bases countries
				The geographical proximity of the parents
				The ethical and professional standards in the IJV's country of establishment
				The amount of the parent's access to the facilities (HR, resources, etc.) in the host country
				Transparency and attitude regarding foreign investment in the host country

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Categories	Sources	Sub-categories	Factors
Parents' expectations and perceptions about various aspects of collaboration	• Pajot and Gravière, 2010 • Lojacono et al., 2017 • Klijn et al., 2017 • Shoushuang li. 2007 • Reuer et al., 2011 • Oxley and Sampson, 2004 • Reuer et al., 2002 • Reuer and Miler, 1997 • Shah and Swaminathan, 2008 • Reuer et al., 2014 • Pajot and Gravière, 2010 • Lai and Chen, 2014 • Hsieh et al., 2010 • Miller et al., 1997 • Whipple and Frankel, 2000 • Chen et al., 2009 • Kumar and Seth,1998 • Reuer et al., 2002 • Nguyen et al., 2016 • Gillan, 2006 • Hsieh et al., 2010 • Piaskowska et al., 2017 • Klijn et al., 2017 • Miller et al., 1997 • Shoushuang li. 2007 • Lopez and Ariza, 2013 • Guidice and Mero, 2007 • Kumar and Seth,1998 • Tong and Li, 2013 • Reuer and Miler, 1997 • Shah and Swaminathan, 2008 • Mohr et al., 2016 • Pajot and Gravière, 2010 • Bodnaruk et al., 2013 • Hsieh et al., 2010 • Zhang, 2007 • Shah, 2011 • Pajot and Gravière, 2010 • Patzelt and Shepherd, 2008 • Nguyen et al., 2016 • Hsieh et al., 2010 • Klijn et al., 2017 • Das and Teng, 1998 • Whipple and Frankel, 2000 • Shoushuang li. 2007 • Audretsch and Link, 2017 • de Man, 2012 • Reuer et al., 2011 • Chen et al., 2009 • Kumar and Seth,1998 • Deutsch et al., 2011 • Pajot and Gravière, 2010 • Gillan, 2006 • Hsieh et al., 2010 • Miller et al., 1997 • GuIati, 1995 • Meschi, 2009 • Guidice and Mero, 2007 • Reuer et al., 2011 • Tiwana and Keil, 2007 • Kumar and Seth,1998 • Oxley and Sampson, 2004 • Gong et al., 2007 • Pajot and Gravière, 2010 • Klijn et al., 2017 • Miller et al.,	Specialized specifications for IJV	Type and Scope of the IJV
			The nature and specifications of the IJV
			The prospected activities of the IJV
			The method of financing and its amount
			The prospected competencies for IJV
			IJV valuation
		Relationship between IJV and parents	The prospected relationship between parents and the IJV (independency, etc.)
			The IJV's importance for the partners
			The distance between parents' markets and industries
		Intended ownership structure	The prospected ownership and share structure
			Call option/ put option
		Intended future for the IJV	The prospected size and growth for IJV
			The prospected lifespan of the IJV
			The prospected complexity for IJV
			Intendent return on investment, benefits, vision, and outcomes from IJV
			The probability of managerial and ownership alterations and subsequent problems
		Possible risks and challenges	Probable risks and challenges
			Partners' capability for managing and detecting possible risks and challenges
		Intended systems	Intended controlling systems (behavioral, social, etc.)
			Intended performance appraising mechanisms and motivation systems
		Parents' attitudes towards various subjects related to IJV	Attitude towards people and their behavior (certainty and uncertainty)
			Attitude toward partner's management styles, ideas, and decision-making mechanisms
			Attitude toward IJV establishment costs
			Attitude towards establishment's requirements
			Attitude toward parents' goals
			Perspective about partner's learning ability
			Attitude towards the partner and its country's fraudulence
		Structural factors	Intended penetration into IJV
			Intended competencies for the board of directors
			Assumptions about contractual mechanisms
			Assumptions about intellectual property rights
			Assumptions about profit and loss, methods of selling products or rendering services by the IJV

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Categories	Sources	Sub-categories	Factors
	• Bakker, 2016 • Reuer et al., 2011 • Whipple and Frankel, 2000 • Miller et al., 1997 • Klijn et al., 201 • Hsieh et al., 2010 • Bodnaruk et al., 2013 • Gillan, 2006 • Lai and Chen, 2014 • Nguyen et al., 2016 • Pajot and Gravière, 2010 1997 • fames et al., 2008 • Kristína, 2012 • Shoushuang li. 2007 • Lopez and Ariza, 2013 • Kaulio and Uppvall, 2009 • Reuer et al., 2011 • Kumar and Seth,1998 • Johnson et al., 2002 • Reuer et al., 2002		

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